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SUBJECT: CHILE: INCSR 1 Submission

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I1. Per reftel, please find below Embassy Santiago's INCSR 1 submission. Post will also submit via email.

I2. Chile

II. Summary

Chile is a transit country for Andean cocaine shipments destined for Europe and has a domestic marijuana consumption problem. In a new development that surfaced in 2009, Chile has been a source of ephedrine for methamphetamine processing in Mexico. It is also potential source of precursor chemicals for use in cocaine processing in Peru and Bolivia. Chile is a party to the 1988 UN Drug Convention.

II. Status of Country

Chile is an attractive transit country for drug traffickers because it shares long, difficult-to-monitor borders with Peru, Bolivia, and Argentina and has a number of international ports. Chile ranks second in per capita cocaine consumption and first in marijuana consumption among South American countries, according to the United Nation's 2009 World Drug Report. Some marijuana is cultivated in Chile, but most is imported from Paraguay for use by Chilean teenagers and young adults. Chilean police officials report an increase in drug trafficking from Bolivia in 2009. Authorities also report a recent increase in the domestic supply of cocaine and a corresponding drop in price. Chile's National Drug Control Commission (CONACE), which is responsible for formulating and implementing drug policies, released a study in 2009 that showed an increase in the perception of risk associated with drug use.

III. Country Actions against Drugs in 2009

Policy Initiatives. Chile recognizes the threat posed by illicit narcotics and has adopted policies and enforcement efforts that contribute to worldwide drug control efforts. In 2009, Chile assumed a leadership role in the international anti-narcotics community, serving as the president of the Organization of American States Inter-American Drug Abuse Control Commission (OAS/CICAD). Chile also hosted an EU-Latin America and Caribbean drug treatment conference and INTERPOL's 20th Regional Conference of the Americas.

Chile classified "spice", a mixture of herbs and synthetic cannabinoid compounds that has effects similar to marijuana, as a prohibited drug in April. CONACE maintained its pilot drug court program in Santiago, Valparaiso, Iquique and Antofagasta. There are now 18 drug courts in Chile which are similar to U.S. drug courts in offering rehabilitation to drug offenders under judicial

supervision.

The Chilean Congress continued to evaluate legislation that would replace CONACE with a National Service for the Prevention of Drug Consumption and Trafficking. The National Service would have responsibilities similar to CONACE, including the development and implementation of drug prevention and rehabilitation policies, but would report to a newly created Ministry of Public Security instead of the Ministry of Interior.

Law Enforcement Efforts. Through June 2009, Chile reported seizures of approximately 1659 kilograms (kg) of cocaine; 2537 kg of cocaine paste; 6402 kg of processed marijuana; and 32,284 units of illegal pharmaceutical drugs. Statistics were not available for heroin, Ecstasy, or LSD. Noteworthy operations included the May 2009 seizure of 243 kg of cocaine valued at \$243 million near Antofagasta in northern Chile. The seizure took place using aerial surveillance and resulted in six arrests.

Chile's counternarcotics law enforcement efforts are led by the Carabineros de Chile (uniformed national police) and the Policia de Investigaciones (investigative police-PDI). Both the Carabineros and the PDI have dedicated anti-drug units that are considered highly professional and competent. Law enforcement efforts target

both street level dealers and major traffickers and their organizations. In 2009, Chilean law enforcement officials uncovered several advanced drug trafficking techniques, including highly compressed cocaine molded into the shape of suitcases. The Carabineros continued to implement "Plan Vigia" (Plan Lookout) in northern Chile in response to increased drug trafficking from Bolivia. The plan, which was initiated in 2008, increased anti-narcotic resources in northern Chile, including the introduction of aerial surveillance. The National Customs Service acquired two truck scanners that are used to screen cargo at border crossings. The Border Intelligence and Analysis Group continued to operate with limited success.

Chile's Coast Guard, the General Directorate of Maritime Territory and Merchant Marine (DIRECTEMAR), is responsible for all maritime law enforcement activities, including counternarcotics. DIRECTEMAR has more than 80 small, medium, and large vessels that patrol Chilean coastline and waterways and operates two Defender fast boats in Arica to intercept maritime drug shipping. It coordinates with the Carabineros, PDI, and Customs agency to conduct maritime narcotics operations. DIRECTEMAR's ability to confront maritime trafficking is limited by Chile's extensive coastline which stretches more than 4000 miles.

Corruption. The Government of Chile (GOC) does not encourage or facilitate the illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Narcotics-related corruption among police officers and other government officials is not considered a major problem in Chile, and no current Chilean senior officials have been accused of such activities. In cases where police are discovered to be involved in drug trafficking, or in protecting traffickers, simultaneous termination and investigation are immediate. Chile is traditionally considered one of the least corrupt countries in the Western Hemisphere and ranked as the least corrupt country in South America in the 2008 Corruption Perception Index Survey released by Transparency International.

Agreements and Treaties. Chile is a party to the 1961 UN Single Convention on Narcotic Drugs as amended by the 1972 Protocol, the

1971 UN Convention on Psychotropic Substances and the 1988 UN Drug Convention. Chile is also a party to the UN Convention against Transnational Organized Crime and its protocols against trafficking in person and migrant smuggling, and the UN Convention Against Corruption. The 1900 U.S.-Chile Extradition Treaty is currently in force and the United States and Chile are negotiating a new extradition treaty. While the U.S. and Chile do not have a bilateral mutual legal assistance treaty (MLAT), both countries are parties to the Organization of American States' 1992 Inter-American Convention on Mutual Assistance in Criminal Matters, which facilitates mutual legal assistance.

Cultivation/Production. Chile produces a small amount of marijuana that is consumed domestically.

Drug Flow/Transit. Narcotics enter and transit Chile via legal and illegal border crossings with Peru, Bolivia, and Argentina. Chile's borders with these three countries stretch more than 1300 miles and there are approximately 150 illegal border crossings. Rough terrain inhibits efforts to intercept narcotics along the borders. Narcotics transit out of Chile to Europe and possibly the United States by sea. Inspection restrictions established by the treaty ending the War of the Pacific require Chilean authorities to seek permission from the Government of Bolivia to inspect cargo originating in that country and transiting Chile. This impedes efforts to intercept illegal narcotics as it allows some cargo to pass through ports in Arica, Iquique, and Antofagasta without Chilean inspection. Some narcotics also transit out of Chile via international airports in Santiago and Arica.

Domestic Programs/Demand Reduction. CONACE has offices in all 15 regions of the country and offers a wide variety of drug prevention and treatment programs. Prevention programs target schools, families, and the workplace. CONACE has also instituted a community fund that provides grants to local organizations that design and implement prevention programs. Chile offers drug rehabilitation treatment through CONACE and the Ministry of Health

at more than 200 health centers around the country. Chile does not promote or sanction harm reduction programs.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The USG works closely with Chile to strengthen Chile's ability to confront drug trafficking. Specific U.S. goals include enhanced interagency cooperation among Chilean law enforcement entities, an increase in Chile's ability to conduct international drug investigations, and an increase in anti-narcotics resources in northern Chile. Chile is a strong anti-narcotics partner and the U.S. works closely with Chilean partners to achieve shared objectives.

Bilateral Cooperation. In 2009, the USG and GOC worked together to address interagency cooperation and complex, international drug investigations. In March, Chilean law enforcement officials attended a money laundering presentation at the U.S. Embassy. In June, police officers from the Carabineros and PDI participated in the ILEA Drug Unit Commanders Course in Lima, Peru. In August, chemists from Chile's Institute of Health attended a week-long course at the DEA Laboratory in Washington, DC to enhance drug analysis intelligence. In October, Drug Enforcement Administration (DEA) officers conducted a five-day Chemical Precursor course in Santiago. DEA offices in Santiago, Lima, and Asuncion continued to support an Officer Exchange Program among their respective host nations in 2009. Officials from the National Prosecutor's Office (Ministerio Publico) also traveled to the U.S. to participate in a chemical precursor course.

The Road Ahead. The USG will continue to foster interagency cooperation, provide assistance in international investigations,

and promote increased resources for northern Chile. The USG and Chile formed a trilateral development partnership in 2009 to offer assistance, including law enforcement training and development, to other Latin America countries. Chile is a strong anti-narcotics partner, and the USG encourages the GOC to continue its antinarcotics leadership.

Chile: Chemical Precursors

Chile has a large petrochemical industry engaged in the manufacturing, importation, and exportation of thousands of chemical products. Chile has been a source of ephedrine for methamphetamine processing in Mexico. In 2009, Chilean authorities arrested and prosecuted individuals who purchased large amounts of ephedrine through a local chemical company and then covertly sent the ephedrine to Mexico using commercial mailing companies. Chile is also a potential source of precursor chemicals used in coca processing in Peru and Bolivia.

Chilean law enforcement entities have specialized chemical diversion units. Companies that import, export, or manufacture chemical precursors must register with CONACE, maintain customer records, and are subject to CONACE inspections. There is pending legislation in the Chilean Congress to expand the list of companies subject to inspection by government authorities. CONACE has also requested additional resources to hire more inspectors so it can provide stronger oversight and regulation of the petrochemical industry.

SIMONS